



Minnesota Gambling Control Board

GAMING NEWS

October/November/December 2014

Director's Column Tom Barrett, Executive Director

Gambling Control Board

William Goede, Chair
(Plainview)

Committee: Executive

Norm Pint, Vice Chair
(New Prague)

Committees: Executive;
CRG (chair)

William Gillespie, Secretary
(St. Paul)

Committees: Executive;
Legislative (chair); CRG

Geno Fragnito (Woodbury)

Committees: TBA

James Nardone (Grand Rapids)

Committee: Rules, Chair

Kenneth Koch (Eagan)

Committees: CRG

Beth Pinkney (Woodbury)

Committees: TBA

Based on initial fiscal year 2014 (7/1/13 - 6/30/14) numbers, it was another good year for charitable gaming in Minnesota. Here is a sneak peek at some of the highlights:

- Gross sales increased by nearly 6% - over \$1.2 billion in total sales activity.
- Lawful purpose expenditures are up by \$9.7 million.
- While gross sales increased, allowable expenses actually decreased from 52.6% in FY13 to 52.4% in FY14.
- 96% of licensed organizations received a 3-star or better rating.

We also have compiled some Top Ten lists - those lists are on page 6.

As we head into the new fiscal year, initial sales reports show the trend continuing - stay tuned!

New Board Members Appointed

The Governor recently announced two appointments to the Board. Geno Fragnito of Woodbury has already served on the Board for four years, and was reappointed to another four-year term. New Board member Beth Pinkney, Woodbury, replaces Susan McCarville, and officially began on October 4. Beth has a background in working with nonprofit organizations, and we welcome her knowledge and experience.

FY14 Star Ratings

The star rating system is used to determine an organization's percentage of net receipts spent on lawful purposes. An organization that spends 50% or more of gross profits on lawful purposes receives a five-star rating; 40%, a four-star rating, and so forth. Organizations that did not actively conduct gambling for the entire fiscal year are not included in the count.

Five-Star Rating	436
Four-Star Rating	378
Three-Star Rating	289
Two-Star Rating	34
<u>One-Star Rating</u>	<u>14</u>
Total	1,151

See page 7 for statistics on group ratings.

Lawful Gambling Gross Receipts From Sites, By County

Page 4 contains a map showing FY14 lawful gambling gross receipts from sites for each county. It is interesting to see the breakdown of gross receipts for the entire state in a single snapshot. Be sure to check page 5 to see your county's lawful gambling gross receipts for FY14.

Monthly Board meetings are open to the public and are held at:

Gambling Control Board
Suite 300 South
1711 W. County Road B
Roseville MN

Meetings start at 10:00 a.m.

Monday, October 20, 2014
Friday, November 21, 2014*
Monday, December 15, 2014

Meetings are subject to change. For
the latest schedule and agenda go to:

www.mn.gov/gcb

*In St. Cloud in conjunction with
ACM convention.

Continuing Education Classes

October 2014 Topic:

Bar Bingo

Bar bingo continues to be an increasingly popular form of lawful gambling. This class reviews the equipment you'll need, how to set up your internal controls, how to conduct bingo, and the records that are required to be kept. A sample bingo program along with sample forms are provided.

- 10/14/14 Riverland Community College
2:00 pm West Campus
1900 8th Avenue NW, Room A106
Austin (park in north lot; use W3 north entrance)
- 10/14/14 Best Western Kelly Inn, University Room B
7:00 pm 100 4th Ave. South
St. Cloud (park in south lot along Hwy. 23 or east lot along river)
- 10/15/14 Hibbing Memorial Building
7:00 pm Dining Room
400 East 23rd Street
Hibbing
- 10/16/14 Gambling Control Board
2:00 pm Suite 300 South
1711 W. County Road B
Roseville (use south doors)
- 10/16/14 AmericInn Lodge & Suites
7:00 pm Fergus Falls Room
526 Western Avenue
Fergus Falls

✓ Plan ahead! Gambling managers must attend at least **one class** each calendar year.

✓ 677 (58%) of active gambling managers have not yet met the 2014 continuing education requirement.

✓ Preregistration is not required to attend.

✓ Classes are free and open to the public.

November and December 2014 Topic:

Common Problems in the Conduct of Gambling

This class identifies the most common problems found during compliance reviews and site inspections. Regulatory requirements are explained along with strategies to prevent these problems in your gambling operation.

- 11/4/14 The Plaza Hotel
2:00 pm Rosewood II Room
1025 Hwy. 61 East
Winona
- 11/6/14 C'mon Inn
2:00 pm Meeting Room
1586 Hwy. 59 South
Thief River Falls
- 12/8/14 Gambling Control Board
7:00 pm Suite 300 South
1711 W. County Road B
Roseville (use south doors)
- 12/9/14 So. Central College, Conference Center A
2:00 pm 1920 Lee Boulevard
North Mankato (park in Blue Lot on north side of building; use Door 15)
- 12/9/14 Gambling Control Board
2:00 pm Suite 300 South
1711 W. County Road B
Roseville (use south doors)
- 12/10/14 AmericInn Lodge & Suites
2:00 pm Fergus Falls Room
526 Western Avenue
Fergus Falls
- 12/10/14 Hibbing Memorial Building
2:00 pm Dining Room
400 East 23rd Street
Hibbing
- 12/10/14 Best Western Kelly Inn
2:00 pm University Room A
100 4th Ave. South
St. Cloud (park in south lot along Hwy. 23 or east lot along river)
- 12/30/14 Gambling Control Board
10:00 am Suite 300 South
1711 W. County Road B
Roseville (use south doors)
- 12/30/14 Gambling Control Board
2:00 pm Suite 300 South
1711 W. County Road B
Roseville (use south doors)

Compliance Review Group (CRG) Report

The CRG, a committee of the Gambling Control Board, meets with licensees to conduct informal inquiries into alleged violations of lawful gambling statutes and rules. This information is a condensed report of recently completed CRG conferences. Penalties imposed are based on specific and unique information reviewed for each licensee.

Elks Lodge 133, Duluth, License 01001

The organization had multiple violations, including failure to have checks signed by two active members; records did not account for its assets, liabilities and fund balance; insufficient deposit records; gambling funds not in a separate account; inaccurate information filed with the Board and Revenue; insufficient internal controls; did not complete a monthly bank reconciliation, nor reconcile its profit carryover with its cash balance on hand; Schedule F not accurately completed; did not maintain perpetual and physical inventory records; gambling employee participated as a player in the conduct of lawful gambling; did not maintain adequate records on its raffles; conducted lawful gambling without the sufficient supervision of a licensed gambling manager; and failed to comply with requests for information/documentation from the Board or Director.

Consent Order Requirements

- 90-day license suspension.
- Resolve all issues contained in the Compliance Review report to the satisfaction of the Director.
- File amended Schedules and returns with the Gambling Control Board and Revenue.
- Reconcile its profit carryover variance and its gambling bank account balance.
- Assistant gambling manager must attend the two-day Gambling Manager Seminar and pass the exam.

Citations Paid

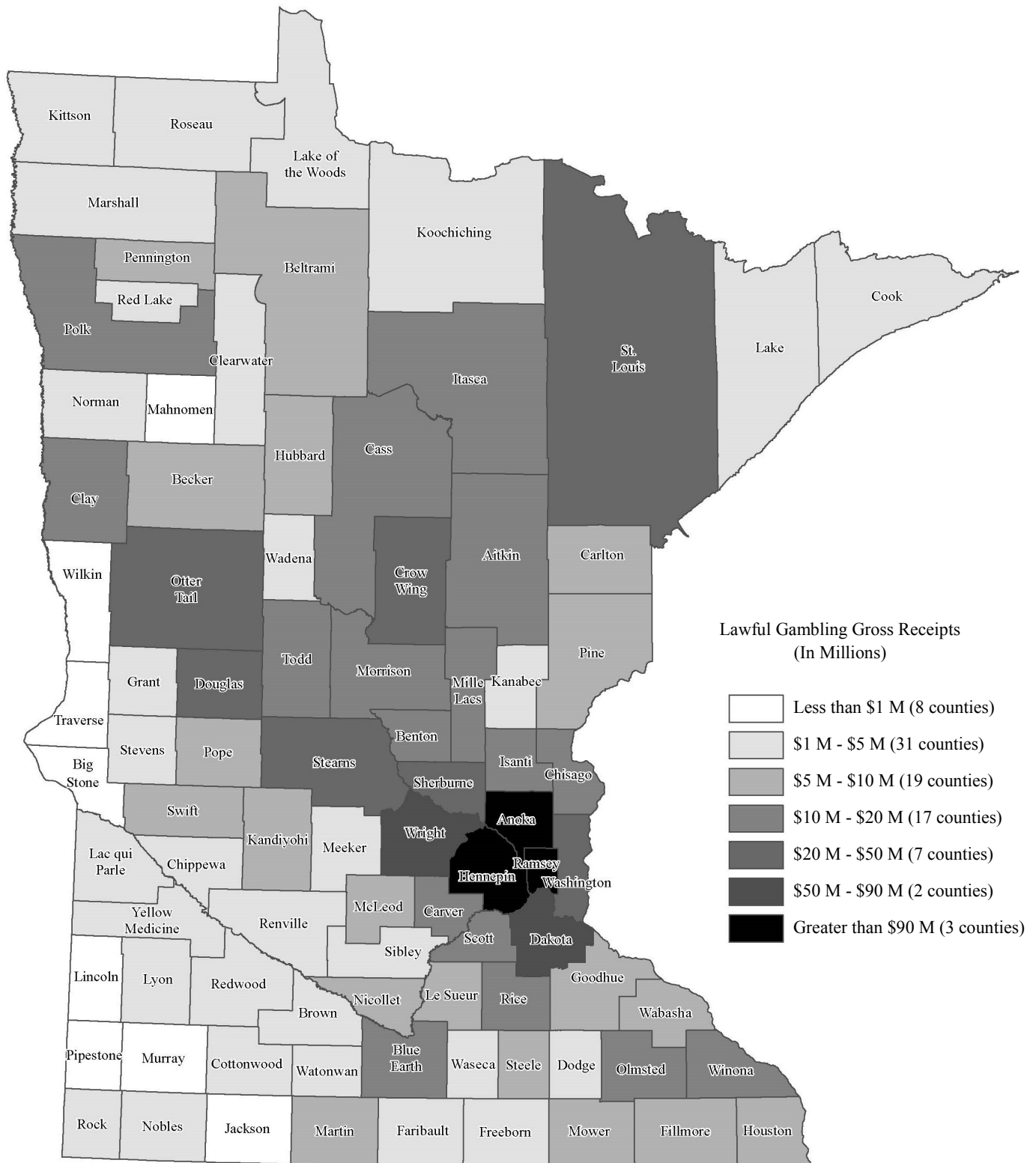
Citation amounts for similar violations may vary depending on unique circumstances and information and are issued on a case-by-case basis.

- **Arrow International, Inc., Brooklyn, OH, License MA016.** Shipped into Minnesota a pull-tab deal with serial number on flare that did not match serial number on tickets. \$600 citation.
- **Pequot Lakes Youth Hockey dba Northern Lakes Youth Hockey, License 02055.** Failed to deposit electronic pull-tab game receipts. \$600 citation.
- **American Legion Post 290 Auxiliary, Cambridge, License 01000.** Paid expenses to lessor in excess of rent. \$550 citation.
- **International Gamco, Inc., Omaha, NE, License MA010.** Shipped into Minnesota pull-tab deals with the serial number on flare that did not match serial number of tickets. \$500 citation.
- **Hopkins Raspberry Festival, License 02297.** Failed to provide paddlewheel video to the Board within 14 days of initial operation. \$350 citation.
- **B-Dale Club, Roseville, License 00330.** Conducted non-compliant bingo occasion. \$250 citation.
- **Climb, Inc., Inver Grove Hts., License 02002.** Operated paddlewheel without proper video surveillance system. \$250 citation.
- **American Legion Post 311, Elysian, License 01027.** Gave bingo paper from its inventory to another licensed organization. \$200 citation.
- **Aliveness Project, Inc., Minneapolis, License 04988.** Failed to provide paddlewheel video to the Board within 14 days of initial operation. \$200 citation.
- **Elysian Fire Relief Association, License 02222.** Used bingo paper that was not purchased from a licensed distributor. \$200 citation.
- **Outing Chamber of Commerce, License 02769.** Serial number for deal of pull-tabs put into play did not match serial number on flare. \$100 citation.
- **American Legion Post 500, Crosslake, License 00997.** Paid citation with lawful gambling funds. \$50 citation.
- **Farming Baseball Club, Inc., Richmond, License 93266.** Failed to pay gambling-related expense from gambling account. \$50 citation.
- **Tartan Area Youth Hockey Association, Oakdale, License 03397.** Check not signed by two members. \$50 citation.

The following organizations failed to file Lawful Gambling Schedules A, C, and F with the Board:

- **Deer Creek Lions Club, License 02157,** \$50 citation (February 2014); \$100 citation (March 2014).
- **Rogers Youth Hockey Association, License 36161,** \$50 citation (February 2014).
- **American Legion Post 500, Crosslake, License 00997,** \$50 citation (February 2014).
- **Crucifixion Church, La Crescent, License 00768,** \$50 citation (March 2014).

FY14 Lawful Gambling Gross Receipts, by County*



* Information is based on gross receipts from permitted premises located within each county that are operated by licensed organizations (and does not include exempt or excluded activity). Numbers may slightly change due to amended filings.

FY14 Lawful Gambling Gross Receipts, by County

Aitkin.....	\$13,655,361	Isanti	\$10,895,695	Pipestone	\$255,659
Anoka	\$117,240,187	Itasca.....	\$10,254,183	Polk	\$18,305,357
Becker.....	\$9,942,769	Jackson	\$607,358	Pope.....	\$6,190,619
Beltrami	\$6,136,386	Kanabec	\$4,999,061	Ramsey.....	\$99,902,860
Benton	\$10,852,317	Kandiyohi	\$7,406,137	Red Lake	\$2,256,109
Big Stone	\$471,096	Kittson	\$1,169,809	Redwood	\$1,739,075
Blue Earth.....	\$13,083,502	Koochiching	\$4,091,643	Renville	\$3,343,273
Brown	\$4,520,477	Lac qui Parle.....	\$2,656,430	Rice	\$10,869,635
Carlton.....	\$7,420,318	Lake	\$2,306,208	Rock	\$1,033,275
Carver	\$19,057,413	Lake of the Woods .	\$4,552,133	Roseau.....	\$3,593,330
Cass	\$10,464,022	Le Sueur	\$7,054,579	Scott	\$19,919,654
Chippewa.....	\$3,603,976	Lincoln	\$328,446	Sherburne	\$26,293,417
Chisago.....	\$17,806,533	Lyon	\$2,076,897	Sibley	\$3,167,511
Clay	\$14,488,442	Mahnomen.....	\$0	St. Louis	\$35,814,699
Clearwater	\$2,706,662	Marshall.....	\$4,301,957	Stearns.....	\$42,274,272
Cook	\$1,696,690	Martin.....	\$7,426,497	Steele.....	\$7,808,889
Cottonwood	\$1,888,078	McLeod	\$9,275,194	Stevens	\$1,780,053
Crow Wing	\$29,202,532	Meeker.....	\$4,569,141	Swift.....	\$6,766,621
Dakota	\$82,655,557	Mille Lacs.....	\$12,165,895	Todd.....	\$10,399,584
Dodge	\$3,302,701	Morrison	\$15,529,595	Traverse.....	\$127,852
Douglas.....	\$23,541,968	Mower	\$6,829,493	Wabasha.....	\$5,652,696
Faribault.....	\$4,189,086	Murray	\$762,411	Wadena	\$3,860,925
Fillmore	\$7,948,969	Nicollet.....	\$6,882,428	Waseca	\$3,804,549
Freeborn.....	\$4,907,344	Nobles.....	\$1,194,276	Washington	\$42,950,884
Goodhue	\$5,648,447	Norman.....	\$1,057,076	Watsonwan	\$2,898,819
Grant.....	\$2,591,518	Olmsted	\$18,628,899	Wilkin	\$819,497
Hennepin	\$171,972,845	Otter Tail	\$21,163,819	Winona.....	\$12,374,042
Houston	\$6,375,054	Pennington.....	\$7,391,655	Wright	\$53,173,174
Hubbard.....	\$8,837,840	Pine.....	\$6,813,511	Yellow Medicine.....	\$1,172,839

By the Numbers; Fiscal Year 2014***Top Ten Grossing Lawful Gambling Organizations, FY14**

Organization	Gross Receipts
Blaine Youth Hockey Association	\$12,726,772
Burnsville Lions Club	\$11,523,346
Northwest Area Jaycees	\$10,721,496
Merrick, Inc.	\$10,616,798
Climb, Inc.	\$10,575,467
Centennial Youth Hockey Association	\$ 9,947,229
Confidence Learning Center	\$ 9,515,534
Community Charities of Minnesota	\$ 9,269,797
Ramsey Lions Club	\$ 9,165,920
Irving Community Association	\$ 9,150,710

Top Ten Grossing Non-Bingo Hall Sites, FY14

Site	Organization	Gross Receipts
American Legion Post 580, Chanhassen	American Legion Post 580, Chanhassen	\$6,439,093
Bunny's Bar & Grill, St. Louis Park	St. Louis Park Hockey Boosters Association	\$6,119,058
American Legion Post 1776, Apple Valley	American Legion Post 1776, Apple Valley	\$5,796,103
American Legion Post 270, Buffalo	American Legion Post 270, Buffalo	\$5,369,709
Sports Page, Bloomington	American Legion Post 550, Bloomington	\$4,594,186
Shortstop, Fridley	Fridley Lions Club	\$4,228,565
American Legion Post 172, Osseo	American Legion Post 172, Osseo	\$4,208,458
Wild Bills of Blaine	Blaine Youth Hockey Association	\$4,157,496
Broadway Bar & Pizza, Champlin	Champlin-Dayton Athletic Association	\$4,044,325
JC's Bar & Grill, Maple Grove	Northwest Area Jaycees	\$3,972,580

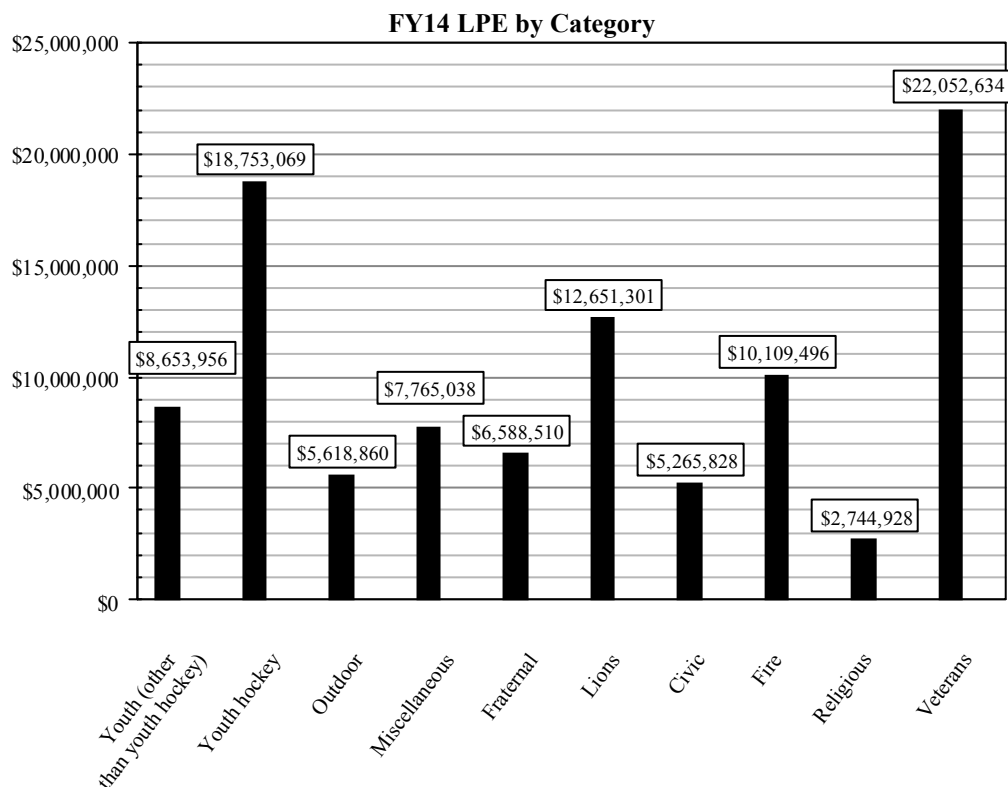
Top Ten Grossing Electronic Pull-Tab Sites, FY14

Site	Organization	Gross Receipts
Skarda's Bar, St. Paul	St. Paul Firefighters Local 21	\$940,556
Porky's Bar, St. Paul	Minnesota Licensed Beverage Association Children's Fund	\$686,649
Mully's on Madison, Mankato	Prairie Ecology Bus Center	\$638,172
The Phat Pheasant Pub, Windom	Prairie Ecology Bus Center	\$538,133
Double R Saloon, Grey Eagle	Grey Eagle Burtrum Lions Club	\$517,123
Roosevelt Bar, Eveleth	Climb Theatre, Inc.	\$505,338
Recreation Lanes, Rochester	Community Charities of Minnesota	\$503,131
Valley Lounge, Eagan	AM Vets Post 1	\$473,439
Joe & Stan's Bar, St. Paul	St. Paul Festival & Heritage Foundation	\$472,072
Beck's Pub, Becker	Clear Lake Lions Club	\$380,364

* Numbers may slightly change due to amended filings.

By the Numbers; Fiscal Year 2014***FY14 Numbers by Category of Licensed Organization**

The chart and table below show, by category of licensed organization, the gross receipts, lawful purpose expenditures (LPE), gross profits, percentage spent on LPE, and star rating as a group for FY14.



Category	Description	Gross Receipts	Total LPE	Gross Profit (Gross less Prizes)	LPE%	Star rating as a group
Youth	Youth sports other than hockey, youth arts, and other youth activities	\$ 110,032,700	\$ 8,653,956	\$ 19,874,096	43.5%	4
Youth Hockey	Youth hockey associations and ice arenas	\$ 206,608,398	\$ 18,753,069	\$ 34,894,500	53.7%	5
Outdoor	Snowmobile, conservation, ATV, sportsmen's clubs, etc.	\$ 68,932,304	\$ 5,618,860	\$ 12,419,209	45.2%	4
Miscellaneous	Festivals, animal shelters, arts, libraries, medical, etc.	\$ 94,546,266	\$ 7,765,038	\$ 16,937,619	45.8%	4
Fraternal	Eagles, Elks, Moose, Jaycees, etc.	\$ 81,586,592	\$ 6,588,510	\$ 13,973,914	47.1%	4
Lions	Lions Clubs	\$ 164,727,416	\$ 12,651,301	\$ 26,659,820	47.5%	4
Civic	Chambers of commerce, commercial clubs, community clubs, lake associations, etc.	\$ 62,762,971	\$ 5,265,828	\$ 10,989,546	47.9%	4
Fire	Firefighter relief associations	\$ 124,941,151	\$ 10,109,496	\$ 20,807,376	48.6%	4
Religious	Churches, church schools, Knights of Columbus	\$ 29,322,971	\$ 2,744,928	\$ 5,623,561	48.8%	4
Veterans	American Legions, VFWs, auxiliaries, servicemen's clubs, etc.	\$ 257,003,191	\$ 22,052,634	\$ 44,599,563	49.4%	4
Total/Average ALL ORGS		\$1,200,463,959	\$100,203,621	\$206,779,205	48.46%	

* Numbers may slightly change due to amended filings.

Gambling Control Board
Suite 300 South
1711 West County Road B
Roseville, MN 55113

PRSRT STD
U.S. POSTAGE PAID
PERMIT 171
TWIN CITIES MN

State offices will be closed on November 11, 27 & 28, and December 25, 2014.

Trends in Lawful Gambling Gross Receipts

NOTE: Figures for the current calendar year are subject to change due to amended, corrected, or late tax returns.

	Calendar Year 2014	% Change from 2013	Calendar Year 2013	% Change from 2012	Calendar Year 2012
January	\$96,253,478	5.7%	\$91,073,625	6.2%	\$85,725,000
February	\$96,051,245	4.8%	\$91,683,377	0.3%	\$91,452,000
March	\$117,128,975	7.4%	\$109,096,758	8.4%	\$100,646,000
April	\$108,431,379	3.0%	\$105,232,271	12.5%	\$93,531,000
May	\$105,246,936	-1.7%	\$107,059,895	18.3%	\$90,490,000
June	\$100,355,515	7.4%	\$93,475,338	7.4%	\$87,017,000
July	\$102,333,258	7.0%	\$95,639,502	8.8%	\$87,909,063
August*	\$105,536,394	5.8%	\$99,778,121	8.5%	\$91,962,552
September			\$97,887,902	8.6%	\$90,138,411
October			\$102,247,805	9.0%	\$93,765,886
November			\$100,928,163	7.5%	\$93,924,720
December			\$98,094,256	1.4%	\$96,698,092
YTD Total	\$831,337,179	4.8%	\$1,192,197,014	8.1%	\$1,103,259,723

*98% of organizations reporting.

Note: June 2012 and prior figures provided by MN Dept. of Revenue

Gambling Control Board www.mn.gov/gcb
Roseville 651-539-1900
St. Peter 507-931-5112
Hibbing 218-262-7301
Fergus Falls 218-739-7402

Dept. of Revenue www.revenue.state.mn.us/businesses/lawful_gambling
Lawful Gambling Tax Unit 651-297-1772
Email: lawfulgambling.taxes@state.mn.us

Department of Public Safety www.dps.mn.gov
Alcohol & Gambling Enforcement 651-201-7500, ext. 3

Internal Revenue Service

Forms 1-800-829-1040
Questions 651-312-7716

Minnesota's Bookstore www.comm.media.state.mn.us
..... 651-297-3000; 1-800-657-3757

Minnesota Problem Gambling Helpline....www.nojudgment.com....1-800-333-HOPE